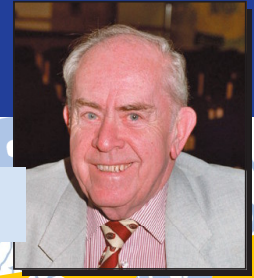


# Talking of Grading...



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## Price Fixing? It will cost you!

Just prior to our AGM the Association was contacted by the Office of Fair Trading (OFT) who had issued a warning regarding 'Price Fixing'.

All Members were emailed immediately reminding them of their responsibilities and informed that 'Price Fixing' by Private Hire Operators and Groups was illegal.

The OFT then launched a campaign to ensure Private Hire Operators across the UK understand competition rules.

The OFT was concerned there may be a particular lack of awareness among Private Hire Operators of the stringent civil and criminal laws against 'Price Fixing'. This had followed a number of reports of Operators entering into agreements with their competitors to set prices.

In several cases competitors appear to have agreed prices in their local area on a 'per mile' or 'minimum journey cost' basis. A complaint involved firms in Lancashire but the OFT has received information alleging similar practices elsewhere in the UK.

As Private Hire journeys are pre-booked, with customers able to choose a service by shopping around.

*The Private Hire Market is therefore different to Taxi services where the first available vehicle is hailed off the street and fares are usually set under separate licensing rules.*

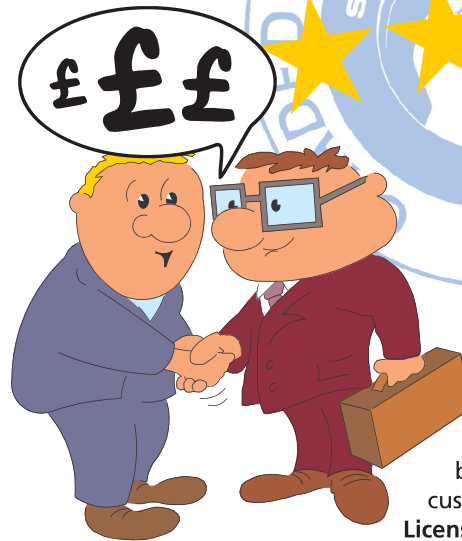
Private Hire Operators are being warned that individuals may face criminal liability for price-fixing, including fines and even the possibility of imprisonment. In addition businesses could be fined up to 10 per cent of their total turnover.

During the campaign the OFT has working with the Licensed Private Hire Car Association (LPHCA) and other trade associations to spread awareness of the rules. The OFT has also written to Local Authority Trading Standards Services and Taxi & Private Hire Licensing Officers informing them of these issues.

Simon Williams, Head of the OFT's Cartel and Criminal Enforcement Group, said: "We are aware of reports that Minicab Companies in some areas may be unaware of the importance of independent price setting. Minicab Operators are free to change their prices but must understand that the law forbids any collusion with competitors when deciding price levels." This of course applies to all Operators in Private Hire not just Minicab Companies.

Steve Wright as Chairman of the Licensed Private Hire Car Association supported the OFT's awareness campaign pointing out that 'Licensed Private Hire Operators including minicabs, executive cars and chauffeurs should be aware of the fact that fixing fares with competitors is unlawful under competition law'.

The LPHCA of course welcomes the Office of Fair Trading's campaign and promised to publish further guidance for members to promote full compliance and this 'Talking of Grading' fulfils that commitment.



The OFT's campaign is not directed at Taxis but at Private Hire Companies as journeys must be booked in advance by customers through a Licensed Operator.

*The OFT went on to say 'whilst the fares for Taxis and Minicabs can be licensed by local authorities (district/borough councils, unitary authorities or The Public Carriage Office in London) they are subject to different regimes.*

The fares for Taxis, which can be 'Publicly Hailed', are in most cases set by the Local Authorities as part of their licensing functions. Minicab and Private Hire firms set their own fares.

*Under the Competition Act 1998 any business found to have participated in an unlawful price-fixing agreement may be fined up to 10 per cent of its total turnover. In addition, the Enterprise Act 2002 makes it a criminal offence for an individual dishonestly to take part in a price-fixing agreement or other form of cartel conduct between competing businesses. Anyone convicted of the offence could receive a maximum of five years imprisonment and/or an unlimited fine.*

You will see from the above that the consequence of not knowing the law could seriously damage your business and in fact cost your freedom!

The LPHCA Office receives many calls where people are totally unaware or ignorant of Industry Legislation and wider Current Legal Requirements.

We provided for members an immediate reminder about unlawful price-fixing as soon as the OFT contacted us and this is yet another illustration of why Licensed Operators should be members of the LPHCA.

In addition to our meetings, newsletters and the 'Member's Only' area of the LPHCA website, we have a free member's helpline with Croner, which covers help and advice at no cost to all members. Please contact Steve on 07956 329288 for further details or information about joining or use the links on our website [WWW.LPHCA.CO.UK](http://WWW.LPHCA.CO.UK)

*A copy of the OFT Notice and details about the 'Member's Helpline' appears elsewhere in this magazine and are in the 'Member's Only' area of our website.*